

Pzena Investment Management, Inc.
Form DEF 14A
April 04, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

- Filed by the Registrant
- Filed by a Party other than the Registrant
- Check the appropriate box:
- Preliminary Proxy Statement
 - Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material under §240.14a-12
- Pzena Investment Management, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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- Fee paid previously with preliminary materials.
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

320 PARK AVENUE | NEW YORK, NEW YORK 10022

April 4, 2018

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Pzena Investment Management, Inc. The meeting will be held at 10:00 a.m. local time on Tuesday, May 22, 2018 at our offices located at 320 Park Avenue, 8th Floor, New York, New York 10022.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement describes the formal business to be transacted at the meeting. Our directors and executive officers will be present at the meeting to respond to questions from our stockholders.

All holders of record of the Company's shares of common stock outstanding as of the close of business on March 28, 2018 will be entitled to vote at the Annual Meeting.

Your vote is very important to us. This year, we have streamlined our annual report and proxy statement delivery process, moving to a notice-and-access model of providing the report. You will receive a notice in the mail informing you how you can vote your shares and view our annual report and proxy statement online, along with instructions on how to request a printed copy if you would like one.

Sincerely,

Richard S. Pzena
Chairman
Chief Executive Officer
Co-Chief Investment Officer

320 PARK AVENUE | NEW YORK, NEW YORK 10022

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 22, 2018

Notice is hereby given that the Annual Meeting of Stockholders of Pzena Investment Management, Inc. will be held at 10:00 a.m. local time at our offices located at 320 Park Avenue, 8th Floor, New York, New York 10022, for the following purposes:

- I. Election of seven directors named in the accompanying proxy statement to our Board of Directors;
- II. Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for our Company for our fiscal year ended December 31, 2018; and
- III. Transaction of such other business as may properly come before the Annual Meeting and any and all adjournments and postponements of the Annual Meeting.

You must have owned shares of the Company's common stock as of the close of business on March 28, 2018 in order to be entitled to receive notice of, and to vote on, all matters presented at the Annual Meeting. We expect to begin mailing the Notice of Internet Availability of Proxy Materials (the "Notice") on or about April 4, 2018. The Notice will contain basic information about the annual meeting and instructions on how to view our annual report on Form 10-K and our proxy materials, and how to vote electronically on the Internet. You will not receive printed copies of our proxy materials or annual report unless you request them.

By order of the Board of Directors,

Joan F. Berger
Corporate Secretary
New York, New York
April 4, 2018

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PZENA INVESTMENT MANAGEMENT, INC.

320 Park Avenue
New York, New York 10022

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
to be held at 10:00 a.m. on May 22, 2018

In this Proxy Statement, “we,” “our,” “us” and “the Company” refer to Pzena Investment Management, Inc. and its consolidated subsidiaries, and “our operating company” refers to Pzena Investment Management, LLC.

THE ANNUAL MEETING

We are furnishing this Proxy Statement to the stockholders of Pzena Investment Management, Inc. as part of the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Stockholders of Pzena Investment Management, Inc. (the “Annual Meeting”). The Chairman’s letter, the Notice of Annual Meeting of Stockholders, this Proxy Statement, and our Annual Report on Form 10-K for our fiscal year ended December 31, 2017, is being made available on the internet instead of mailing printed copies. A Notice of Internet Availability of Proxy Materials will be mailed to our stockholders on or about April 4, 2018. Stockholders will have the ability to access the proxy materials on the website referred to in the notice or request a printed set of proxy materials to be sent by following the instructions on the notice.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 22, 2018

This Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, are available at www.proxyvote.com. The Notice of Internet Availability of Proxy Materials and the proxy materials are first being made available to our stockholders on or about April 4, 2018.

Date, Time and Place

We will hold the Annual Meeting on Tuesday, May 22, 2018, at 10:00 a.m. local time, at our offices located at 320 Park Avenue, 8th Floor, New York, New York 10022.

Proposals to be Considered at the Annual Meeting

At the Annual Meeting, stockholders will be asked to consider and vote upon the following matters:

- I. Election of seven directors named in this Proxy Statement to our Board of Directors;
- II. Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for our Company for our fiscal year ended December 31, 2018; and
- III. Transaction of such other business as may properly come before the Annual Meeting and any and all adjournments and postponements of the Annual Meeting.

Who Can Vote

You are entitled to vote if you were a holder of record of the common stock of our Company as of the close of business on March 28, 2018 (the “Record Date”). Your shares can be voted at the meeting only if you are present or represented by a valid proxy card.

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All holders of common stock as of the Record Date will be entitled to vote for the election of seven directors named in this Proxy Statement to be elected at the Annual Meeting, and the ratification of our independent auditors. A list of the stockholders of record of the common stock of our Company as of the Record Date will be available for examination during ordinary business hours, for any purpose germane to the Annual Meeting, at our offices located at 320 Park Avenue, 8th Floor, New York, New York 10022, for a period of at least ten days before the Annual Meeting.

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Shares Outstanding and Entitled to Vote; Quorum

As of the Record Date, there were 17,821,346 shares of Class A common stock outstanding and 51,081,651 shares of Class B common stock outstanding. Each holder of Class A common stock as of the Record Date who is represented at the Annual Meeting shall be entitled to cast one vote for each share of Class A common stock held. Each holder of Class B common stock as of the Record Date who is represented at the Annual Meeting shall be entitled to cast five votes for each share of Class B common stock held. The holders of our Class A and Class B common stock, voting together, are entitled to elect the directors, and ratify the appointment of the independent auditors. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock will constitute a quorum for the transaction of business at the Annual Meeting.

Vote Required

If a quorum is present, a nominee for election to a position on the Board of Directors will be elected as a director if he receives a plurality of the votes cast at the Annual Meeting.

If a quorum is present, the ratification of PricewaterhouseCoopers LLP as our independent auditors for our fiscal year ending December 31, 2018, will require the vote of the holders of a majority of the total number of votes of the common stock represented at the meeting and entitled to vote.

We have retained Broadridge Financial Solutions, Inc. to be our inspector of elections appointed for the Annual Meeting and to tabulate the votes at the Annual Meeting.

Effect of Abstentions, Withheld Votes and Broker Non-Votes

Shares of stock represented by properly executed proxies that reflect abstentions, withheld votes and broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum. "Broker non-votes" are proxies received from brokers or other nominees for the beneficial owners of the shares in which the broker or nominee votes on some matters, for example, the proposal to ratify the appointment of our independent auditors, but not on others because it does not have discretionary authority to vote and has not received voting instructions from the beneficial owner of the shares. Withheld votes and broker non-votes will have no effect on the outcome of the vote on the election of directors.

Voting by Directors and Executive Officers

At the close of business on the Record Date, the Company's executive officers and directors collectively control (directly or indirectly) the vote of the number of outstanding shares of common stock of our Company necessary to approve each of the proposals listed herein. Each of our executive officers and directors has indicated his or her present intention to vote, or cause to be voted, his or her shares of common stock for the election of the directors named herein and for the ratification of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2018. Accordingly, each of the foregoing are assured.

How You Can Vote

Registered Holders. If you are a registered holder of shares of our common stock (i.e., your name is listed on our transfer agent's books as being held directly by you), you may vote in person at the Annual Meeting. If you vote in person at the Annual Meeting, you will be asked to show government issued identification and to complete a ballot and submit it to the Chairman of the meeting.

If you are a registered holder, you may also vote by proxy at the Annual Meeting. To vote by proxy go to www.proxyvote.com and follow the instructions for Internet Voting. You will need the control number located on your notice or proxy card, as applicable. If you request printed copies of the proxy materials, you will receive a proxy card and can simply mark your proxy card with respect to the proposals to be voted upon, date and sign it, and return it in the postage-paid envelope provided. All shares entitled to vote and represented by properly executed proxy cards that are received before the polls are closed at the Annual Meeting, and not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxy cards.

Beneficial Holders. If you are not the holder of record of your shares (i.e., they are held in the name of a broker, bank or other nominee), you will receive voting instructions from your broker, bank or other nominee (or an agent acting on behalf of such institution) that you must follow in order for your shares to be voted. Your shares will then be voted by proxy by your broker, bank or other nominee. Alternatively, if your broker, bank or other nominee provides, you may be entitled to vote electronically through the Internet or by telephone by following the instructions on the voting card that you receive from your broker, bank or other nominee (or an agent acting on behalf of such institution).

If your shares of common stock are held by a broker, bank or other nominee and you wish to vote those shares in person at the Annual Meeting, you must obtain from the nominee holding your shares a properly executed legal proxy, identifying you as a stockholder of our Company, authorizing you to act on behalf of the nominee at the Annual Meeting and specifying the number of shares with respect to which the authorization is granted.

Effect of Not Casting Your Vote

Registered Holders. If you are a registered holder of shares of our common stock and you do not cast your vote, either in person or by proxy, no votes will be cast on your behalf on any of the items of business at the Annual Meeting.

Beneficial Holders. If you are a beneficial holder whose shares are held in the name of a broker, bank or other nominee, it is critical that you cast your vote if you want it to count in the election of directors. Your bank or broker is not allowed to vote your uninstructed shares on this proposal on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf in respect of any director.

Your bank or broker will, however, have discretion to vote any uninstructed shares on the ratification of the appointment of the independent auditors.

Voting of Proxies

Where a signed proxy card is returned, but no specific instructions are indicated, your shares will be voted FOR the election of all directors named in this Proxy Statement and the ratification of the appointment of the independent auditors. Proxy cards marked as abstaining or withholding a vote will be treated as present for purposes of determining a quorum for the Annual Meeting, but will not be counted as a vote cast in respect of any matter as to which abstinence or withholding a vote is indicated.

Revocation of Proxy Card

If you are a stockholder of record and vote by proxy card, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by:

- signing a written notice of revocation, dated later than the proxy card, and returning it to us, at 320 Park Avenue, 8th Floor, New York, New York 10022 (Attention: Corporate Secretary), prior to the Annual Meeting;
- submitting a later-dated proxy (either by mail, telephone or internet) prior to the Annual Meeting date; or
- attending the Annual Meeting in person and casting a ballot (although attendance at the Annual Meeting will not, in and of itself, constitute revocation of a proxy card).

If you are a beneficial holder whose shares are held in the name of a broker, bank or other nominee, and you vote by the internet or by telephone, you may vote again at a later date, using the same procedure, in which case the later submitted vote will be recorded and the earlier vote revoked.

SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our Class A common stock and Class B common stock by the following persons as of the March 28, 2018 (except as otherwise noted):

- each of our named executive officers;
- each of our directors;
- all of our directors and executive officers as a group; and
- each person or group of affiliated persons known to us to beneficially own more than 5% of our Class A common stock or Class B common stock.

Beneficial ownership and percentage ownership are determined in accordance with the rules of the Securities and Exchange Commission (the “SEC”). This information does not necessarily indicate beneficial ownership for any other purpose. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock underlying options and warrants held by that person that are exercisable within 60 days of March 28, 2018 are considered to be outstanding. However, the numbers in the percent of combined voting power column do not give effect to any options or warrants held by the persons listed in the table. To our knowledge, except as indicated in the footnotes to this table and subject to community property laws, where applicable, the persons named in the table have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

The address for those individuals for which an address is not otherwise indicated is: c/o Pzena Investment Management, Inc., 320 Park Avenue, 8th Floor, New York, New York 10022.

Name of Beneficial Owner	Class A Shares Beneficially Owned ⁽¹⁾		Class B Shares Beneficially Owned ⁽¹⁾		Percent of Combined Voting Power ⁽¹⁾
	Number of Shares	Percent ⁽²⁾	Number of Shares	Percent ⁽³⁾	
Richard S. Pzena	4,206	(4) *	23,636,227 ⁽⁵⁾	46.3	43.3
Jessica R. Doran	—	*	8,307 ⁽⁵⁾⁽⁶⁾	*	*
Gary J. Bachman	44,484	*	23,595 ⁽⁵⁾⁽⁶⁾	*	*
John P. Goetz	—	—	5,222,929 ⁽⁵⁾	10.2	9.6
William L. Lipsey	4,700	(7) *	5,151,131 ⁽⁵⁾	10.1	9.4
Steven M. Galbraith	129,365	(8) *	—	—	*
Joel M. Greenblatt	125,259	(9) *	247,708 ⁽¹⁰⁾	*	*
Richard P. Meyerowich	131,993	(11) *	—	—	*
Charles D. Johnston	70,370	(12) *	—	—	*
All executive officers and directors as a group (9 persons)	510,377	(13) 2.9	34,289,897 ⁽¹⁴⁾	67.1	62.9 ⁽¹³⁾
A. Rama Krishna, c/o ARGA Investment Management, LP - 1010 Washington Blvd, Stamford, CT 06901	—	—	3,121,539 ⁽¹⁵⁾	6.1	5.7
Punch & Associates Investment Management, Inc., 3601 West 76th Street, Suite 225, Edina, Minnesota 55435 ⁽¹⁶⁾	1,712,043	9.6	—	—	*
Epoch Investment Partners, Inc., 399 Park Avenue, New York, NY 10022 ⁽¹⁷⁾	1,378,246	7.7	—	—	*

*Less than 1%

Each share of our Class A common stock is entitled to one vote per share and each share of our Class B common (1) stock is entitled to five votes per share, for so long as the number of shares of our Class B common stock outstanding constitutes at least 20% of the total number of shares of our common stock outstanding.

(2)Based on 17,821,346 shares of Class A common stock outstanding as of March 28, 2018.

(3)Based on 51,081,651 shares of Class B common stock outstanding as of March 28, 2018.

(4) Includes 4,100 shares of our Class A common stock held by Mr. Pzena's spouse. Mr. Pzena disclaims beneficial ownership of such interests.

Includes the number of shares of our Class B common stock listed below contributed to Pzena Investment Management, LP ("PIM LP") by the named executive officers below. On January 1, 2016, pursuant to the Amended and Restated Agreement of Limited Partnership ("LPA") of PIM LP, dated as of the same date, Messrs. Pzena, Bachman, Goetz, and Lipsey and Ms. Doran became limited partners of PIM LP and contributed to PIM LP all of their direct holdings of (i) Class B units of the operating company and (ii) Class B shares of the Company in (5) order to receive a corresponding number of limited partnership interests in PIM LP. Pursuant to the LPA, whenever a Class B unit is issued to a limited partner of PIM LP, such limited partner will be deemed to immediately and automatically contribute such unit and related Class B share to PIM LP, and PIM LP will concurrently issue to such limited partner a corresponding limited partnership interest. Pursuant to the LPA, each limited partnership interest in PIM LP will be cancelled upon redemption by a limited partner of PIM LP for Class B units and related Class B shares subject to the terms of the LPA. The Company is the general partner of PIM LP.

Includes the number of shares of our Class B common stock listed below that are directly held by certain trusts established for estate planning purposes by the named executive officers below, as well as Class B common stock held by Mr. Pzena's spouse. In the case of certain trusts established by Mr. Pzena, Mr. Pzena may be deemed to beneficially own the shares directly held by these trusts because he may be considered to share dispositive power over securities held by these trusts, along with their respective trustees, pursuant to the terms of the applicable trust agreements. Each of the named executive officers listed below disclaims beneficial ownership of the number of shares of Class B common stock and the corresponding Class B units (including the shares of Class A common stock underlying the Class B units) held by the applicable trusts, and in the case of Mr. Pzena, additionally those held by his

spouse.

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Name of Beneficial Owner	Number of		Number of Shares of Class B Common Stock Otherwise Held
	Number of Shares of Class B Common Stock Held by Trust(s)	Share of Class B Common Stock Contributed to Pzena Investment Management, LP	
Richard S. Pzena	6,258,600	17,335,228	42,399 (held by spouse)
John P. Goetz	708,970	4,513,959	—
William L. Lipsey	1,271,420	3,879,711	—
Gary J. Bachman	—	23,595	—
Jessica R. Doran	—	5,307	—

Does not include Mr. Bachman's 2,644 unvested Class B units issued on January 1, 2015 which will vest on (6) January 1, 2019. Includes options to purchase the number of Class B units set forth below opposite the named executive officer:

Named Executive Officer	Options to Acquire Class B Units
Jessica R. Doran	3,000

(7) Includes 4,700 shares of Class A common stock held by an estate for which Mr. Lipsey serves as the personal representative.

(8) Includes 105,905 shares of Phantom Stock (inclusive of additional Phantom Stock issued in connection with dividend payments made thereon), each share of which is the economic equivalent of one share of our Class A common stock. The shares of Phantom Stock become payable in a single distribution of an equal number of shares of Class A common stock at such time as elected by each non-employee director at the time such deferral was elected pursuant to Section 3.4 of the Pzena Investment Management, Inc. Nonemployee Director Deferred Compensation Plan, or the Director Plan.

(9) Includes 102,799 shares of Phantom Stock (inclusive of additional Phantom Stock issued in connection with dividend payments made thereon), each share of which is the economic equivalent of one share of our Class A common stock. The shares of Phantom Stock become payable in a single distribution of an equal number of shares of Class A common stock at such time as elected by each non-employee director at the time such deferral was elected pursuant to Section 3.4 of the Director Plan.

(10) Includes 82,200 shares of Class B common stock held directly by family members of Mr. Greenblatt. Mr. Greenblatt disclaims beneficial ownership of all shares of Class B common stock directly held by his family members.

(11) Includes 109,533 shares of Phantom Stock (inclusive of additional Phantom Stock issued in connection with dividend payments made thereon), each share of which is the economic equivalent of one share of our Class A common stock. The shares of Phantom Stock become payable in a single distribution of an equal number of shares of Class A common stock at such time as elected by each non-employee director at the time such deferral was elected pursuant to Section 3.4 of the Director Plan.

(12) Includes 40,370 shares of Phantom Stock (inclusive of additional Phantom Stock issued in connection with dividend payments made thereon), each share of which is the economic equivalent of one share of our Class A common stock. The shares of Phantom Stock become payable in a single distribution of an equal number of shares of Class A common stock at such time as elected by each non-employee director at the time such deferral was elected pursuant to Section 3.4 of the Director Plan.

(13) Includes an aggregate of 358,607 shares of Phantom Stock, the terms of which are described in footnotes 8, 9, 11 and 12 above.

(14)

Includes options to purchase an aggregate of 3,000 membership units in our operating company that are currently exercisable and which, upon exercise, will entitle the holders to purchase the same number of shares of our Class B common stock. As indicated in the foregoing footnotes, also includes shares of Class B common stock held by estate planning vehicles and family members of the executive officers and directors as to which certain beneficial ownership is disclaimed.

(15) Includes 625,500 shares of Class B common stock held by a trust.

The number of shares owned is based on information included in the Form 13G/A filed by Punch & Associates Investment Management, Inc. (“Punch & Associates”), with the SEC on February 14, 2018. According to the Form

(16) 13G/A, Punch & Associates has sole dispositive power over 1,712,043 shares of our Class A common stock, shared dispositive power over zero shares of our Class A common stock, sole voting power of over 1,712,043 shares of our Class A common stock and shared voting power over zero shares of our Class A common stock.

The number of shares owned is based on information included in the Form 13G/A filed by Epoch Investment Partners, Inc. (“Epoch”), with the SEC on February 8, 2018. According to the Form 13G/A, Epoch has sole

(17) dispositive power over 1,378,246 shares of our Class A common stock, shared dispositive power over zero shares of our Class A common stock, sole voting power of over 1,378,246 shares of our Class A common stock and shared voting power over zero shares of our Class A common stock.

PROPOSAL 1: ELECTION OF DIRECTORS

At the Annual Meeting, seven directors are to be elected to serve for a term of one year. The seven nominees for director are:

Richard S. Pzena
 John P. Goetz
 William L. Lipsey
 Steven M. Galbraith
 Joel M. Greenblatt
 Richard P. Meyerowich
 Charles D. Johnston

All of the nominees are currently members of our Board of Directors.

Our Board of Directors recommends that the stockholders vote FOR the election of the seven directors named above to our Board of Directors.

The persons named in the enclosed proxy card intend to vote for the election of the individuals named above unless the proxy card is marked to indicate a vote to withhold with respect to one or more individuals. Should any of the nominees become unable to serve when the election occurs, it is the intention of the person named in the enclosed proxy card to vote for the election of such other individuals as the Board of Directors recommends.

There is no cumulative voting for the election of directors.

Our Directors and Executive Officers

Our operating company is led by a committee, consisting of our Chief Executive Officer ("CEO"), Mr. Richard S. Pzena, each of our Presidents, Messrs. John P. Goetz and William L. Lipsey, and our Chief Operating Officer ("COO"), Mr. Gary J. Bachman (the "Executive Committee").

The following table provides certain information relating to our directors and executive officers. (Ages are given as of the Record Date).

Name	Age	Position
Richard S. Pzena	59	Chairman, Chief Executive Officer, Co-Chief Investment Officer
John P. Goetz	60	President, Co-Chief Investment Officer, Director
William L. Lipsey	59	President, Head of Business Development and Client Service, Director
Jessica R. Doran	36	Chief Financial Officer
Gary J. Bachman	50	Chief Operating Officer
Steven M. Galbraith	55	Director
Joel M. Greenblatt	60	Director
Richard P. Meyerowich	75	Director
Charles D. Johnston	64	Director

Richard S. Pzena was appointed our Chairman, Chief Executive Officer and Co-Chief Investment Officer in May 2007. Prior to forming Pzena Investment Management, LLC in 1995, Mr. Pzena was the Director of U.S. Equity Investments and Chief Research Officer for Sanford C. Bernstein & Company. Mr. Pzena joined Sanford C. Bernstein & Company in 1986 as an oil industry analyst. During 1990 and 1991, Mr. Pzena served as Chief Investment Officer, Small Cap Equities, and assumed his broader domestic equity role in 1991. Prior to joining Sanford C. Bernstein & Company, Mr. Pzena worked for the Amoco Corporation in various financial and planning roles. He earned a B.S. summa cum laude and an M.B.A. from the Wharton School of the University of Pennsylvania in 1979 and 1980, respectively.

John P. Goetz was appointed our President, Co-Chief Investment Officer in June 2007, and became a member of our Board of Directors in May 2011. Mr. Goetz joined us in 1996 as Director of Research and has been Co-Chief Investment Officer since 2005. Previously, Mr. Goetz held a range of key positions at Amoco Corporation for over 14

years, most recently as the Global Business Manager for Amoco's \$1 billion polypropylene business, where he had bottom-line responsibility for operations and development worldwide. Prior positions at Amoco included strategic planning, joint venture investments and project financing in various oil and chemical businesses. Prior to joining Amoco, Mr. Goetz had been employed by The Northern Trust Company

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and Bank of America. He earned a B.A. summa cum laude in Mathematics and Economics from Wheaton College in 1979 and an M.B.A. from the Kellogg School at Northwestern University in 1982.

William L. Lipsey was appointed our President, and Head of Business Development and Client Service in June 2007, and became a member of our Board of Directors in May 2011. Before joining Pzena Investment Management in 1997, Mr. Lipsey was an Investment Advisory Consultant and a Senior Vice President at Oppenheimer & Company, Inc. Prior to joining Oppenheimer & Company, Inc., Mr. Lipsey's career included positions at Morgan Stanley, Kidder Peabody and Hewitt Associates. At Morgan Stanley and Kidder Peabody, Mr. Lipsey managed assets for institutional and private clients. He earned a B.S. in Economics from the Wharton School of the University of Pennsylvania in 1980 and an M.B.A. in Finance from the University of Chicago in 1986.

Jessica R. Doran was appointed to the position of Chief Financial Officer and Treasurer in July of 2016. Ms. Doran had spent over ten years with Pzena working across various functions including operations, internal audit and most recently as the Manager of Financial Reporting prior to becoming CFO. Ms. Doran received her B.A. in Economics and Management from Gettysburg College in 2003 and an M.S. in Accounting from Fordham Graduate School of Business in 2014. Ms. Doran is a Certified Public Accountant.

Gary J. Bachman was appointed our Chief Operating Officer in July 2016. He previously served as our Chief Financial Officer from September 2012 through July 2016. Prior to joining Pzena Investment Management, Mr. Bachman served as Executive Director of the Investment Bank Finance Department at JP Morgan Chase, from 2008 to 2012. Previous to this, Mr. Bachman worked in the Strategic Transaction and Accounting Policy and External Reporting groups at Lehman Brothers, from 2000 to 2008. Mr. Bachman received his B.S. from Binghamton University in 1990 and an M.B.A. from Fordham University in 1998. Mr. Bachman is a Certified Public Accountant and a member of the Financial Accounting Standards Board Small Business Advisory Committee.

Steven M. Galbraith has been a member of our Board of Directors since October 2007. Mr. Galbraith is a managing member of Kindred Capital, a registered investment advisor managing private investment funds exclusively for qualified investors. Previously, he was a managing member of Herring Creek Capital, and a partner at Maverick Capital where he had portfolio and general management responsibilities. Prior to joining Maverick Capital in 2004, Mr. Galbraith served as Chief Investment Officer and Chief U.S. Investment Strategist at Morgan Stanley from June 2000 to December 2003. Before joining Morgan Stanley, he was a partner at Sanford Bernstein, where he was an analyst for the packaged foods sector and securities industry. Mr. Galbraith was also an employee of our operating company from June 1998 to March 1999. Mr. Galbraith was an Adjunct Professor at Columbia University Business School where he taught securities analysis. He served on the Board of Trustees of the National Constitution Center in Philadelphia and was an advisor to the Office of Financial Research, appointed by the U.S. Treasury. He serves on the Board of Trustees of Tufts University and is a member of the Board of Directors of the Success Academy Charter Schools and Narragansett Brewing Company. He received his B.A. summa cum laude from Tufts University, where he was elected to Phi Beta Kappa.

Joel M. Greenblatt has been a member of our Board of Directors since October 2007. Mr. Greenblatt has been a managing partner of Gotham Capital, a hedge fund that he founded, since 1985, and of Gotham Asset Management since 2002. Mr. Greenblatt is also the managing principal of Gotham Asset Management, LLC, a registered investment adviser (formerly known as Formula Investing, LLC). For the past fourteen years, he has been an Adjunct Professor at Columbia University Business School, where he teaches Value and Special Situation Investing. Mr. Greenblatt is the former chairman of the board of Alliant Techsystems, a NYSE-listed aerospace and defense company. He is the co-chairman of Success Academy Charter Schools, a charter school in New York City. He is the author of three books, *You Can Be A Stock Market Genius* (Simon & Schuster, 1997), *The Little Book That Beats The Market* (John Wiley & Sons, 2005), and *The Big Secret for the Small Investor* (John Wiley & Sons, 2011). Mr. Greenblatt earned a B.S. and an M.B.A. from the Wharton School of the University of Pennsylvania in 1979 and 1980, respectively.

Richard P. Meyerowich has been a member of our Board of Directors since October 2007. Mr. Meyerowich worked in the New York office of Deloitte & Touche LLP from 1966 to 2005, including as a Senior Partner from 1978 to 2005. Mr. Meyerowich headed the National Investment Management Practice for over ten years and served as lead partner on major investment management entities, including SEC-registered mutual funds, unit investment funds, hedge

funds, investment partnerships, separate accounts of insurance companies and commodity pools. He served two terms on the Investment Companies Committee of the American Institute of Certified Public Accountants. From 2005 through 2009, he served as an external consultant for Deloitte & Touche on quality control and technical advice. From March 2011 to June 2016, Mr. Meyerowich served as a member of the board of directors of AIG Property Casualty, a global property and casualty insurance subsidiary of American International Group, Inc. Mr. Meyerowich was also a member of the AIG Property Casualty audit committee. Mr. Meyerowich resigned from this position effective June 30, 2016. Mr. Meyerowich earned a B.S. in Economics from Wagner College in 1965. He is currently retired.

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Charles D. Johnston became a member of our Board of Directors in February 2014. Mr. Johnston most recently served as vice chairman of Morgan Stanley Smith Barney from 2011 to 2012. From 2009 to 2011, he was president of Morgan Stanley Smith Barney. Mr. Johnston was president and chief executive officer of Smith Barney from 2004 to 2009. He served as a divisional director of Smith Barney from 1999 to 2003. Mr. Johnston is a past member of Morgan Stanley's Operating and Management Committees, as well as Citigroup's Management Committee, and is a regular speaker at industry events. In April 2015, Mr. Johnston became chairman of the board of directors of Bank Leumi USA. He is also a member of their Investment and Risk committees. Mr. Johnston earned a B.S. in Marketing and Finance in 1976 from Purdue University. Mr. Johnston retired in 2012.

There are no family relationships among any of our directors or executive officers.

Director Independence

For the year ended December 31, 2017, our Board of Directors determined that each of Messrs. Galbraith, Greenblatt, Johnston and Meyerowich is an "independent" director within the meaning of the applicable rules of the SEC and the New York Stock Exchange (the "NYSE"). The current members of our Board of Directors who are not independent are Messrs. Pzena, Goetz and Lipsey.

Although we qualify for the "controlled company" exemption from certain of the corporate governance rules of the NYSE (including the NYSE requirement that a majority of the board be comprised of independent directors), our corporate governance guidelines mandate that our Board of Directors shall be comprised of a majority of directors who qualify as independent directors under the corporate governance rules of the NYSE. In addition, pursuant to the charters of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, each director of these committees must be an independent director, as such term is defined in the corporate governance rules of the NYSE.

Under the NYSE corporate governance rules, a director is deemed independent if the director has no disqualifying relationship as defined in the NYSE corporate governance rules, and if the Board of Directors has affirmatively determined that the director has no material relationship with the Company, either directly or as a partner, stockholder, officer or employee of an organization that has a relationship with the Company.

All of the members of our Audit Committee, our Compensation Committee and our Nominating and Corporate Governance Committee are "independent directors," as such term is defined in the rules of the NYSE. The members of our Audit Committee also satisfy the requirements for independence imposed upon audit committee members by Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by the SEC.

Factors Involved In Selecting Directors

When considering whether the members of our Board of Directors have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively, in light of our business and structure, the Nominating and Corporate Governance Committee focused on the information described in each of the Board members' biographical information set forth above. With regard to Mr. Pzena, the Nominating and Corporate Governance Committee considered his experience as founder and CEO of our Company and operating company, and his breadth of knowledge regarding all aspects of the business, including its strategies, operations, and markets, as well as his acute business judgment. With respect to Messrs. Goetz and Lipsey, the Nominating and Corporate Governance Committee considered their experience as founding Executive Committee members, their broad-based knowledge of the business, as well as their extensive industry knowledge. With regard to Messrs. Galbraith and Greenblatt, the Nominating and Corporate Governance Committee considered their extensive investment management experience and their professional standing in the industry. The Nominating and Corporate Governance Committee also considered Mr. Greenblatt's prior and current Board experiences and governance skills and Mr. Galbraith's designation as an audit committee financial expert. With regard to Mr. Meyerowich, the Nominating and Corporate Governance Committee considered his expertise and background in accounting matters, his leadership role at Deloitte & Touche LLP, as well as his designation as an audit committee financial expert. With

respect to Mr. Johnston, the Nominating and Corporate Governance Committee considered his broad retail brokerage and wealth management experience, leadership roles, industry expertise, as well as his designation as an audit committee financial expert.

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Board Leadership Structure

The Nominating and Corporate Governance Committee is responsible for reviewing the leadership structure of our Board of Directors, and additionally reviewing the performance of the Chairman of the Board and Chief Executive Officer.

Since the inception of our Company in October 2007, as permitted by our Company's Corporate Governance Guidelines, the Chairman of the Board position has been held by Richard S. Pzena, the CEO of our Company and our operating company. The Nominating and Corporate Governance Committee has considered the issue of Mr. Pzena's combined role, and approved the continuation of this structure for the following reasons:

- The CEO is most familiar with the day to day operations of our Company and operating company.
- The CEO is in the best position to bring matters before our Board of Directors and serve as its Chairman.
- A combined CEO and Chairman role provides consistent leadership, stability and continuity for us.

The Board of Directors has additionally affirmed the combination of the CEO and Chairman roles for the reasons set forth above.

In accordance with our Corporate Governance guidelines, we have the option of alternating directors to lead executive sessions of the Board of Directors, or to select a lead independent director. To date, our independent directors have not named a lead independent director.

Board Risk Oversight Role

Our Board of Directors has delegated the role of risk oversight to its Audit Committee pursuant to the Audit Committee's charter. Our Audit Committee continues to concentrate on determining the adequacy of our risk-management programs.

Our approach to risk management includes a variety of internal procedures, test protocols and examinations, including the following:

- Sarbanes-Oxley annual testing and audit — covering internal controls and financial reporting;
- Statement on Standards for Attestation Engagement No. 18 (previously, SSAE 16) — covering operational risks;
- Compliance policies and procedures, including annual risk-based testing;
- Ongoing compliance monitoring and training; and
- Disaster recovery procedures, including annual and quarterly testing.

Issues of note resulting from any of the above-enumerated risk management items are brought to the attention of the Audit Committee, when appropriate.

The Risk Management Committee of our operating company (the "Risk Management Committee") was established in 2010 to ensure ongoing coordination among the various risk management programs. The purpose of the Risk Management Committee, which is led by our internal auditor, and whose other members include department heads or their delegates, is to identify our business and operational risks and evaluate the effectiveness of all risk mitigation activities. The Risk Management Committee met seven times during 2017.

Meetings of the Board of Directors

The business and affairs of our Company are managed under the direction of our Board of Directors. Members of the Board of Directors are informed about our Company's affairs through various reports and documents distributed to them, through operating and financial reports routinely presented at meetings of the Board of Directors and committee meetings by the Chairman and other officers, and through other means. In addition, directors of our Company discharge their duties throughout the year not only by attending Board of Directors' meetings, but also through personal meetings and other communications, including telephone contact with the Chairman and others regarding matters of interest and concern to our Company.

A director is expected to spend the time and effort necessary to properly discharge his responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board of Directors and the committees on which such director

sits, and to review prior to the meetings material distributed in advance for each such meeting.

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During our fiscal year ended December 31, 2017, our Company's Board of Directors held five formal meetings and acted by unanimous written consent in lieu of a meeting on seven separate occasions. During our fiscal year ended December 31, 2017, no director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and any committees on which he served.

Board Committees

Although we qualify for the "controlled company" exemption from certain NYSE corporate governance rules, our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each consisting solely of independent directors, and our Board of Directors has adopted charters for its committees that comply with the NYSE and SEC rules relating to corporate governance matters.

Audit Committee

Our Audit Committee assists our Board of Directors in its oversight of the integrity of our consolidated financial statements, our independent registered public accounting firm's qualifications and independence, and the performance of our independent registered public accounting firm.

Our Audit Committee's responsibilities include, among others:

- reviewing the audit plans and findings of our independent registered public accounting firm and our internal audit and risk review staff, as well as the results of regulatory examinations, if any, and tracking management's corrective action plans, where necessary;

- reviewing our financial statements, including any significant financial items and/or changes in accounting policies, and/or internal control, with our senior management and independent registered public accounting firm;

- reviewing our financial risk and control procedures, compliance programs and significant tax, legal and regulatory matters; and

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